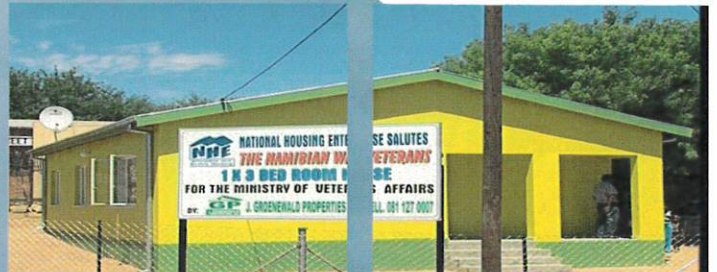




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

MINISTRY OF VETERANS AFFAIRS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Ministry of Veterans Affairs for the financial year ended 31 March 2011 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, March 2012

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE
MINISTRY OF VETERANS AFFAIRS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2011**

1. INTRODUCTION

1.1 Report

This report on the accounts of the Ministry of Veterans Affairs for the financial year ended 31 March 2011 is presented to the National Assembly in accordance with the terms of Article 127(2) of the Constitution of the Republic of Namibia and Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991), as amended.

1.2 Powers and duties

Section 25(1)(c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) all reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) all reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, the State Finance Act, 1991, Section 26(1)(b)(iv) empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

2. FINANCIAL STATEMENTS

The appropriation accounts were submitted to the Auditor-General in terms of Section 13 of the State Finance Act, 1991. The financial statements, notes to the financial statements and general information supplied by the Accounting Officer are attached as annexure A to this report.

3. SCOPE OF THE AUDIT

3.1 The Accounting Officer of the Ministry of Veterans Affairs is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions therein. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The audit included:

- (a) examination on a test basis of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements; and
- (b) evaluation of the overall adequacy of the presentation of information in the financial statements.

3.2 The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- (a) the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- (b) in all material respects, the expenditure and income have been applied to the purposes intended by the legislature; and
- (c) the financial transactions conform to the authorities that govern them.

4. AUDIT OBSERVATIONS

4.1 MAIN ISSUES/FINDINGS IDENTIFIED BY THE AUDIT

4.1.1 Expenditure

The total budget of the Ministry amounted to N\$ 274 538 000 but was underspent with a total amount of N\$ 8 675 772.88 (3.16%).

- (i) The undermentioned unauthorised expenditure occurred during the financial year and is reported as such in terms of Section 27(a) of the State Finance Act, 1991 (Act 31 of 1991):
Although Treasury approval was obtained to utilise certain expected savings for the defrayal of excess expenditure by way of virements during the year, three (3) operational expenditure subdivisions were exceeded by a total amount of N\$ 95 701.22 which is unauthorised in terms of Section 6(a)(iii) of the Act.

4.1.2 Appropriation Account - Virements

The approved virements for the financial year under review were not correctly posted to the General ledger. The virements comprised of the following:

| Main Division | Approved virement | Amount on appropriation account | Difference |
|------------------|-------------------|---------------------------------|------------|
| | N\$ | N\$ | N\$ |
| Main Division 03 | 3 470 000 | 3 814 149 | (344 149) |
| Main Division 04 | (2 970 000) | (3 314 149) | 344 149 |

It is strongly recommended that the Accounting Officer should ensure that virements approved are correctly posted to the General Ledger.

4.1.3 Suspense accounts

The Ministry had outstanding balances on five (5) suspense accounts, two (2) with a debit balance and three (3) with credit balances for the year under review. Only the Bills payable suspense account had a closing balance in excess of N\$ 100 000 amounting to N\$ 2 705 324.36.

The Accounting Officer is commended for taking all necessary steps to reconcile and reduce the balances on all the suspense accounts.

4.1.4 Subsistence and Travelling Allowance

The General Ledger reflects a credit closing balance on the Subsistence & Traveling Suspense Account amounted to N\$ 74 365.44. However, the statement submitted by the Accounting Officer shows an outstanding amount of N\$ 47 995.42. The difference of N\$ 26 370.02 has to be explained by the Accounting Officer.

4.1.5 Tender Board Exemption

Tender Board exemption from normal Tender Board procedures was approved for services to the total value of N\$ 24 645 000.00. Supporting documentation was not provided for audit purposes of the actual expenditure incurred under Exemption no. E1/31-1/10.

| Exemption No. | Exemption | Description | Approved Amounts | Actual value | Difference |
|---------------|------------------|-----------------------------|-------------------|----------------------|----------------------|
| E/31-1/10 | Annual exemption | Travel and Subsistence | N\$ 6 040 000 | N\$ 2 663 536.19 | N\$ 3 376 463.81 |
| | | Materials and Supplies | 700 000 | 139 433.00 | 560 567.00 |
| | | Utilities | 1 000 000 | 998 850.00 | 1 150.00 |
| | | Maintenance Expenses | 500 000 | 55 890.00 | 444 110.00 |
| | | Other Services and Expenses | 6 000 000 | 2 960 135.93 | 3 039 864.07 |
| | | Development: Development | 10 405 000 | 6 562 826.55 | 3 842 173.45 |
| Total | | | 24 645 000 | 13 380 671.67 | 11 264 328.33 |

The Accounting Officer should ensure that supporting documentation is submitted for audit purposes.

4.1.6 Performance Management System

There is no performance management system in place whereby performance of staff members can be monitored and evaluated.

It is strongly recommended that a performance management system be put in place to ensure that the objectives of the Ministry are achieved.

4.1.7 Risk Management

There is no risk management process in place and the risk mitigation controls may highlight possibility of events and situations which will have a negative impact on the achievement of objectives of the Ministry.

A risk management process should be put in place to identify, assess, manage and control potential risks of events that might have a negative impact on the Ministry.

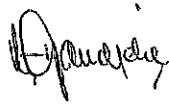
5. ACKNOWLEDGEMENT

The co-operation and assistance given by the management and staff of the Ministry of Veterans Affairs during the audit is appreciated.

6. AUDIT OPINION

I certify that I have audited the financial statements of the Ministry of Veterans Affairs for the year ended 31 March 2011, in accordance with the terms of Article 127(2) of the Namibian Constitution and Section 25(1) of the State Finance Act, 1991 (Act 31 of 1991).

The financial statements fairly represent the receipts and payments of Vote 31 for the year ended 31 March 2011 and in all material respects and the receipts and payments have been applied to the purposes intended by the National Assembly and conform to the authorities which govern them.



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

OFFICE OF THE AUDITOR-GENERAL
B.P.I Building
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WINDHOEK
NAMIBIA

ANNEXURE A

1. FINANCIAL STATEMENTS

1.1 Appropriation account

| 2010/2011 | | | | | | 2009/2010 |
|---|-------------|------------------------|-----------------------|--------------------------------|--------------|-----------------------|
| Service | N\$ | Authorized expenditure | Actual expenditure | Variations | | Actual expenditure |
| | | | | Under-expenditure/ (Excess) | Percent -age | |
| | N\$ | N\$ | N\$ | N\$ | % | N\$ |
| 01. Office of the Minister: | | | | | | |
| Original budget | 3 682 000 | | | | | - |
| Less virement | (300 000) | 3 382 000 | 2 850 931.58 | 531 068.42 | 15.70 | 3 241 645.18 |
| 02. General Services: | | | | | | |
| Original budget | 11 969 000 | | | | | |
| Less: Virement | (200 000) | 11 769 000 | 10 730 244.47 | 1 038 755.53 | 8.83 | 9 486 384.67 |
| 03. Policy, Social Support, Training and Skills Development: | | | | | | |
| Original budget | 237 260 000 | | | | | |
| Plus: Virement | 3 814 149 | 241 074 149 | 235 266 703.01 | 5 807 445.99 | 2.41 | 239 601 099.42 |
| 04. Project Management | | | | | | |
| Original budget | 21 627 000 | | | | | |
| Less: Virement | (3 314 149) | 18 312 851 | 17 014 348.06 | 1 298 502.94 | 7.09 | 10 682 360.34 |
| Totals: | | 274 538 000 | 265 862 227.12 | 8 675 772.88 | 3.16 | 263 011 489.61 |

1.2 Standard subdivisions

| Subdivision | 2010/2011 | | | 2009/2010 |
|---|------------------------|-----------------------|-----------------------------|-----------------------|
| | Authorised expenditure | Actual expenditure | Under-expenditure/ (Excess) | Actual expenditure |
| | N\$ | N\$ | N\$ | N\$ |
| Operational | | | | |
| Current expenditure: Personnel | | | | |
| 001. Remuneration | 16 599 000 | 15 948 571.71 | 650 428.29 | 11 457 192.73 |
| 002. Employer's contribution to staff's pension fund | 1 762 000 | 1 692 344.80 | 69 655.20 | 1 240 971.51 |
| 003. Other conditions of service | 441 000 | 151 930.13 | 289 069.87 | 335 307.08 |
| Total | 18 802 000 | 17 792 846.64 | 1 009 153.36 | 13 033 471.32 |
| Current expenditure: Goods and other services | | | | |
| 021. Travel and subsistence expenses | 5 440 000 | 4 127 062.03 | 1 312 937.97 | 2 517 093.49 |
| 022. Materials and supplies | 847 000 | 771 017.84 | 75 982.16 | 525 608.34 |
| 023. Transport | 5 172 000 | 5 075 949.36 | 96 050.64 | 6 230 496.42 |
| 024. Utilities | 1 810 000 | 1 618 065.95 | 191 934.05 | 1 266 595.50 |
| 025. Maintenance | 146 000 | 144 637.35 | 1 362.65 | 318 958.43 |
| 026. Property rentals & related charges | 95 000 | 41 681.43 | 53 318.57 | |
| 027. Other services and expenses | 8 845 000 | 8 325 815.93 | 519 184.07 | 1 302 910.73 |
| Total | 22 355 000 | 20 104 229.89 | 2 250 770.11 | 12 161 662.91 |
| Current expenditure: Subsidies, grants and other transfers | | | | |
| 043. Government organisations | 221 800 000 | 221 800 000.00 | - | 226 800 000.00 |
| Total | 221 800 000 | 221 800 000.00 | - | 226 800 000.00 |
| Total: Current expenditure | 262 957 000 | 259 697 076.53 | 3 259 923.47 | 251 995 134.23 |
| Capital expenditure: Acquisition of assets | | | | |
| 101. Furniture and office equipment | 1 150 000 | 678 489.32 | 471 510.68 | 945 751.93 |
| 102. Vehicles | 26 000 | - | 26 000.00 | 2 303 982.78 |
| Total: Capital expenditure | 1 176 000 | 678 489.32 | 497 510.68 | 3 249 734.71 |
| Total: Operational expenditure | 264 133 000 | 260 375 565.85 | 3 757 434.15 | 255 244 868.94 |

(continued)

ANNEXURE A (continued)

Standard subdivisions (continued)

| Subdivision | 2010/2011 | | | 2009/2010 |
|--|------------------------|-----------------------|--------------------------------|-----------------------|
| | Authorised expenditure | Actual expenditure | Under-expenditure/ (Excess) | Actual expenditure |
| | N\$ | N\$ | N\$ | N\$ |
| Development | | | | |
| Capital expenditure: Goods & other services | | | | |
| 022. Materials & supplies | 1 412 000 | 99 713.76 | 1 312 286.24 | 1 901 519.89 |
| 027. Other services & expenses | 1 500 000 | 1 458 926.66 | 41 073.34 | 1 260 265.78 |
| Total | 2 912 000 | 1 558 640.42 | 1 353 359.58 | 3 161 785.67 |
| Capital expenditure: Acquisition of assets | | | | |
| 103. Operational equipment, machinery and plants | 140 314 | (1 171 789.40) | 1 312 103.40 | 1 454 481.92 |
| 104. Purchase of buildings | 490 000 | 489 779.83 | 220.17 | 653 165.23 |
| 105. Feasibility studies, design and supervision | 785 537 | 765 536.60 | 20 000.40 | 538 362.29 |
| 106. Purchase of land and intangible Assets | 350 000 | 100 000.00 | 250 000.00 | 620 000.00 |
| 107. Construction, renovation and improvements | 5 727 149 | 3 744 493.82 | 1 982 655.18 | 1 338 825.56 |
| Total | 7 493 000 | 3 928 020.85 | 3 564 979.15 | 4 604 835.00 |
| Total: Development expenditure | 10 405 000 | 5 486 661.27 | 4 918 338.73 | 7 766 620.67 |
| GRAND TOTAL | 274 538 000 | 265 862 227.12 | 8 675 772.88 | 263 011 489.61 |

1.3 Departmental revenue

Revenue for the year is as follows:

| Revenue heading | Estimate | Actual revenue 2010/2011 | More/(Less) than estimated | Actual revenue 2009/2010 |
|-------------------|----------|--------------------------|----------------------------|--------------------------|
| | N\$ | N\$ | N\$ | N\$ |
| Miscellaneous | - | 19 675.53 | 19 675.53 | 30 952.53 |
| Unclaimed Cheques | - | 7 535.20 | 7 535.20 | - |
| TOTAL | - | 27 210.73 | 27 210.73 | 30 952.53 |

1.4 NOTES TO THE FINANCIAL STATEMENTS

1.4.1 Appropriation account: Explanations of variations exceeding 2% between the amounts voted and the actual expenditure.

1.4.1.1 Underexpenditure

Main Division 01 - (Office of the Minister (N\$ 531 068.42 - 15.70%))

Not all members travelled, and not all funds are utilised as budgeted. Main division made provision on leave gratuity for the retired members, unfortunately their condition of employment was extended and not all the funds were utilised for that purposes that resulted in the big savings on DSA and other condition of services.

Main Division 02 (General Services (N\$ 1 038 755.53 - 8.83%))

The main division did not utilise all the funds due to the pressure of work within the main division. Not all staff members participated in the training workshops locally and abroad, that resulted in underspending on DSA and other service and expense.

Main Division 03 - (Policy, Social Support, Training and Skills Development (N\$ 5 807 445.99 - 2.41%))

On personnel expenditure, most of the vacant posts on the main division that were budgeted for, could not be filled on time due to the reason beyond Ministry's control. The Ministry therefore could not utilize the funds for the activities they were budgeted for. This led to under spending of the money allocated to this main division. As per main division some of the positions on the approved structure were filled towards the end of the financial year. This resulted in the under spending on Remuneration, DSA, Office furniture and Office equipment as well as other services and conditions.

In addition to overall spending on the main division as per Ministry of Finance printout reflecting 2.41%, while the reconciliation per Ministry of Veterans Affairs reflecting 1.38%, the difference was caused by the cheque N\$ 4 343 413.97 cancelled for the financial year 2009/2010 which was wrongly credited to expenditure for the financial year 2010/2011 of the main division instead of being posted to the Miscellaneous account of the Ministry of Veterans Affairs. This posting affects the actual expenditure rate in the Appropriation account from the Ministry of Finance. Ministry of Veterans Affairs reconciliations did not take the wrongly posted cheque in the calculation of the actual expenditure for the main division.

However, the matter was communicated to the Ministry of Finance for their records.

Main Division 04 (Project Management and liaison (N\$ 1 289 502.94 or 7.09%))

The external virements was done to cover the identified shortage, unfortunately as at end of March 2011 the viremented funds were not enough resulting in underspending on the subdivision. However, this negatively influenced the overall spending of the main division.

2. GENERAL INFORMATION

2.1 Vehicle Accidents

The Accounting Officer reported sixteen (16) vehicle accidents in respect of authorised use with the value of N\$ 51 058.77.

2.2 Bursary and Study Assistance

The Ministry granted study assistance to eleven (11) staff members to an amount of N\$ 117 830.95 in various areas of study during the year under review.

2.3 Development Projects

The Ministry Operated seven (7) Development project during the financial year as follows

| Nature of Project | Approved total Budget | Total expenditure as at 31/03/2010 | Approved appropriation | Actual expenditure per Ledger 2011/03 | Total expenditure at 31/03/2011 | Expected year of Completion |
|------------------------------------|-----------------------|------------------------------------|------------------------|---------------------------------------|---------------------------------|-----------------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | |
| Feasibility Studies for Veterans | 10 311 000 | 6 311 931.77 | 565 537 | 565 536.60 | 6 877 468.37 | 31/03/2014 |
| Veterans Registration and Database | 1 750 000 | 4 468 942.71 | 350 000 | (95 110.98) | 4 373 832.71 | 31/03/2014 |
| Veterans support package | 6 173 000 | 10 735 290.45 | 1 550 000 | (1 272 017.81) | 9 463 272.64 | 31/03/2014 |
| Research on Veterans | 6 229 000 | 2 729 999.08 | 2 000 000 | 882 023.79 | 3 612 022.87 | 31/03/2014 |
| Construction of Veterans housing | 11 941 000 | - | 4 269 149 | 3 834 686 | 3 834 686 | 31/03/2014 |
| Acquisition of Offices for MOVA | 5 820 000 | 820 982.58 | 1 000 000 | 999 587.65 | 1 820 570.23 | 31/03/2014 |
| Agricultural support programme | 6 385 000 | 52 427.34 | 670 314 | 571 956.02 | 624 383.36 | 31/03/2014 |
| Total | 48 609 000 | 25 119 573.93 | 10 405 000 | 5 486 661.27 | 30 606 236.18 | |

WINDHOEK, 2012-03-31

WN AMAGULU
ACCOUNTING OFFICER

